

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0211-01
Bill No.: SB 2
Subject: Unemployment Compensation; Drugs and Controlled Substances; Employees -
Employers; Evidence
Type: Original
Date: January 3, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Unemployment Compensation Trust Fund	Unknown*	Unknown*	Unknown*
Total Estimated Net Effect on <u>All</u> Federal Funds	Unknown*	Unknown*	Unknown*

*** Does not reflect potential loss of federal administrative grants due to possible noncompliance with federal law.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Division of Personnel** and the **Department of Economic Development – Division of Workforce Development** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Labor and Industrial Relations (DOL)** state if the proposal does not permit the Division of Employment Security to investigate the facts of each claim, then it would be a violation of the Social Security Act and could jeopardize funding from the federal government. If Missouri's law is determined to be out of conformity with Federal standards, the consequence could be a loss of certification for Federal Unemployment Tax Act (FUTA) credits. DOL estimates that a loss of certification could cause (1) contributing Missouri employers to lose as much as \$996 million annually in FUTA credits and (2) the Division of Employment

Security to lose approximately \$40 million annually in administrative funds.

ASSUMPTION (continued)

Officials from the **Department of Labor and Industrial Relations (DOL)** assume the proposal could decrease the amount of benefits paid from the Unemployment Compensation Trust Fund depending on the number of weeks of disqualification applied to each discharge and the number of weeks claimed. DOL cannot predict the amount of impact.

Oversight assumes that any loss of federal funds would depend upon determination of a nonconformity/noncompliance and the imposition of sanctions by the United States Department of Labor. The likelihood of such sanctions would be speculative. For fiscal note purposes, no impact to federal funds is reflected.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**UNEMPLOYMENT
COMPENSATION TRUST FUND**

<u>Savings</u> – DOL	Unknown	Unknown	Unknown
Potential Decrease in Benefits Paid			

ESTIMATED NET EFFECT ON UNEMPLOYMENT COMPENSATION TRUST FUND	<u>Unknown*</u>	<u>Unknown*</u>	<u>Unknown*</u>
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*** DOES NOT REFLECT POTENTIAL LOSS OF
FEDERAL ADMINISTRATIVE GRANTS DUE TO
POSSIBLE NONCOMPLIANCE WITH FEDERAL
LAW.**

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses could be relieved of paying unemployment claims filed by individuals who were discharged for failing or refusing a drug test. Conversely, this proposal could cause an additional tax on businesses to cover Federal Unemployment Tax Act moneys that would no longer come to the state, depending upon conformity with federal law and any sanctions imposed by the United States Department of Labor.

DESCRIPTION

This proposal disqualifies a person from receiving unemployment benefits for failing or refusing to take a test for a non-prescribed controlled substances. Under this proposal, such failure or refusal constitutes misconduct connected with the person's work. For a first offense, the person will be disqualified from receiving benefits for not less than six weeks nor more than 16 weeks. For a second or subsequent discharge related to failing or refusing to take a drug test, the person will be disqualified from receiving benefits for a period of 26 weeks.

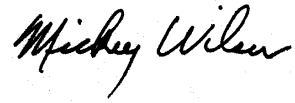
Under this proposal, the presence of any controlled substance shown by a test shall be deemed competent evidence and shall be admissible in any administrative hearing.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Office of Administration – Personnel
Department of Economic Development – Workforce Development

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A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director

January 3, 2002